



Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice, request for comment.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) invites comment on a proposal to extend for three years, with revision, the Interchange Transaction Fees Survey (FR 3064; OMB No. 7100-0344).

DATES: Comments must be submitted on or before [insert date 60 days after publication in the Federal Register].

ADDRESSES: You may submit comments, identified by FR 3064, by any of the following methods:

- Agency Website: <https://www.federalreserve.gov/>. Follow the instructions for submitting comments at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- E-mail: regs.comments@federalreserve.gov. Include the OMB number or FR number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Federal Reserve Board of Governors, Attn: Ann E. Misback, Secretary of the Board, Mailstop M-4775, 2001 C St NW, Washington, DC 20551.

All public comments are available from the Board's website at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons or to remove personally identifiable information at the commenter's request. Accordingly, comments will not be edited to remove any confidential business information, identifying information, or contact information. Public comments may also be viewed electronically or in paper in Room M-4365A, 2001 C St NW, Washington, DC 20551, between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452-3684. Upon arrival,

visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

Additionally, commenters may send a copy of their comments to the Office of Management and Budget (OMB) Desk Officer for the Federal Reserve Board, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503, or by fax to (202) 395-6974.

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3829.

SUPPLEMENTARY INFORMATION: On June 15, 1984, OMB delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collections of information conducted or sponsored by the Board. In exercising this delegated authority, the Board is directed to take every reasonable step to solicit comment. In determining whether to approve a collection of information, the Board will consider all comments received from the public and other agencies.

During the comment period for this proposal, a copy of the proposed PRA OMB submission, including the draft reporting form and instructions, supporting statement, and other documentation, will be made available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears above. Final versions of these documents will be made available at <https://www.reginfo.gov/public/do/PRAMain>, if approved.

Request for Comment on Information Collection Proposal

The Board invites public comment on the following information collection, which is being reviewed under authority delegated by the OMB under the PRA. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Board's functions, including whether the information has practical utility;
- b. The accuracy of the Board's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the Board should modify the proposal.

Proposal under OMB Delegated Authority to Extend for Three Years, With Revision, the Following Information Collection

Collection title: Interchange Transaction Fees Survey.

Collection identifier: FR 3064.

OMB control number: 7100-0344.

Frequency: Annual.

Respondents: Debit card issuers and payment card networks.

Estimated number of respondents: FR 3064a, 527; FR 3064b, 15.

Estimated average hours per response: FR 3064a, 160; FR 3064b, 75.

Estimated annual burden hours: FR 3064a, 84,320; FR 3064b, 1,125.

General description of collection: The Debit Card Issuer Survey (FR 3064a) collects data from issuers of debit cards (including general-use prepaid cards) that, together with their affiliates, have assets of \$10 billion or more. The 3064a collects information regarding the volume and value of debit card transactions; chargebacks and returns; costs of authorization, clearance, and

settlement of debit card transactions; other costs incurred in connection with particular debit card transactions; fraud prevention costs and fraud losses; and interchange fee revenue.¹

The Payment Card Network Survey (FR 3064b) collects data from payment card networks. The survey includes the volume and value of debit card transactions; interchange fees; network fees; and payments and incentives paid by networks to acquirers, merchants, and issuers.²

The data from the FR 3064a and FR 3064b are used to fulfill a statutory requirement that the Board disclose certain information regarding debit card transactions on a biennial basis.³ In addition, the Board uses data from the Payment Card Network Survey (FR 3064b) to publicly report on an annual basis the extent to which networks have established separate interchange fees for exempt and covered issuers.⁴

Proposed revisions:

Debit Card Issuer Survey (FR 3064a)

The Board is proposing the following changes in the Debit Card Issuer Survey instructions to include guidance that the Board has previously provided in response to questions from respondents:

- Adding “Credit-push transactions (other than, where appropriate, returns), sometimes referred to as original credit transactions (OCTs)” to the General Instructions, Section II (All Debit Card Transactions), “Do Not Include” list to indicate that credit-push transactions should not be included in the response.
- Modifying the General Instructions, Frequently Asked Questions, Q9.A to read: “A debit card transaction is the use of a debit card (including a general-use prepaid card) by a person as a form of payment in the United States to initiate a

¹ See 12 CFR 235.2(k) for the definition of “Issuer.”

² See 12 CFR 235.2(m) for the definition of “Payment card network.”

³ See 12 U.S.C. 1693o-2(a)(3)(B). The Board’s biennial reports are available at <https://www.federalreserve.gov/paymentsystems/regii-data-collections.htm>.

⁴ See Average Debit Card Interchange Fee by Payment Card Network <https://www.federalreserve.gov/paymentsystems/regii-average-interchange-fee.htm>.

debit to an account. Such transactions include those conducted with both business and consumer debit cards. Debit card transactions include charitable contributions, payments made to satisfy an obligation (e.g., tax liability), or payments made for other purposes, such as to fund another account (sometimes referred to as account funding transactions. Debit card transactions do not include credit card transactions, transactions initiated at an ATM, or credit-push transactions, sometimes referred to as original credit transactions (OCTs).”

The Board proposes to implement these revisions starting with the next iteration of the Debit Card Issuer Survey.

Payment Card Network Survey (FR 3064b)

The Board proposes to modify the instructions for the Payment Card Network Survey to clarify guidance for survey respondents. The proposed revisions provide instructions for reporting when multiple networks are involved in the processing of transactions. The Board is also proposing to modify the instructions for the Payment Card Network Survey to include guidance that the Board has previously provided in response to questions from respondents. The Board proposes to implement the revisions starting with the next iteration of the Payment Card Network Survey.

Through recent communications with survey respondents, the Board has become aware that for debit card transactions where multiple networks are involved in the processing of the transactions, the involved payment card networks may be interpreting the existing survey instructions differently from one another. Such differing interpretations could potentially lead to overcounting of transactions, if all involved networks report such transactions in their survey responses, or undercounting, if none of them do.⁵ The changes to the survey instructions outlined

⁵ To illustrate, consider an example of two networks, A and B, that enter a reciprocal arrangement in which Network B provides services that allow Network A’s debit cards (i.e., debit cards that have been issued by depository institutions under agreement with Network A) to be used at a merchant that accepts Network B but does not directly accept Network A. Network B may perform some or all of the processing functions for transactions performed with Network A’s debit cards at such a merchant. For its part, Network A may perform certain processing functions for such transactions, particularly with respect to issuers of Network A’s debit cards. Network A may also establish fees

below clarify which network should report such transactions, looking to ensure consistent reporting across respondents and eliminate the possibility of under- or overcounting of transactions in the survey responses.

The Board is proposing to clarify the survey instructions to specify that a network should report values associated with debit card transactions for which that network establishes the interchange fee received by issuers, even if that network outsources some or all processing functions to another payment card network. Conversely, a network should not report values associated with debit card transactions for which another network establishes the interchange fee received by issuers, even if the former network performs some or all processing functions for these transactions on behalf of the other payment card network. The proposed clarification would be implemented through the following changes:

- Modifying the text under General Instructions, Section II (Debit Card Transactions) to read: “Please enter totals for transactions related to debit cards, including general-use prepaid cards, linked to U.S.-domiciled accounts involving a merchant located in the United States during the calendar year (CY) 20XX. Important: In some cases, transactions may be processed by multiple networks due to the outsourcing of some or all processing functions. Please note the special instructions below to ensure proper treatment of such transactions.”
- Removing “All debit card transactions (including general-use prepaid card transactions).” from General Instructions, Section II (Debit Card Transactions), “Include” list.
- Adding “Transactions for which your network establishes the interchange fee received by issuers, even if your network outsources some or all processing functions for these transactions to one or more payment card networks.” to

for issuers, including network fees and the interchange fees that issuers pay and receive, respectively. In this situation, the current survey instructions do not specify whether Network A, Network B, or both should report transactions when both networks are involved in the processing of the transactions.

General Instructions, Section II (Debit Card Transactions), “Include” list.

- Modifying the General Instructions, Section II (Debit Card Transactions), “Do Not Include” list to indicate that none of the following should be included in the response: (a) “Credit card transactions,” (b) “Transactions initiated at an ATM,” (c) “Credit-push transactions (other than, where appropriate, returns), sometimes referred to as original credit transactions (OCTs),” and (d) “Transactions for which another network establishes the interchange fee received by issuers, even if your network performs some or all processing functions for these transactions on behalf of the other payment card network.”

To ensure that the revised survey instructions clearly and adequately clarify responses for debit card transactions when multiple networks are involved in the processing of the transactions, the Board is seeking comment on the following questions:

- Are the proposed revisions to the survey instructions clear on which network would be responsible for reporting transactions when multiple payment card networks are involved in the processing of the transactions?
- Are there potential challenges to reporting transactions based on the revised instructions? If so, are there further changes that the Board should consider to alleviate such challenges?
- Are there other situations, similar to those described but involving different facts and circumstances, for which reporting would not be clarified by the proposed revisions? If so, are there further changes that the Board should consider to provide clarity in these situations?

In addition, the Board is proposing to further clarify the survey instructions by including guidance that the Board has previously provided in response to questions from respondents and removing glossary items no longer relevant to the survey:

- Modifying the General Instructions, Glossary of Terms, “Debit card transaction” definition to read: “Debit card transaction: Use of a debit card (including a general-use prepaid card) by a person as a form of payment in the United States to initiate a debit to an account. It does not include transactions initiated at an ATM, including cash withdrawals and balance transfers initiated at an ATM. For more details, see General Instructions, Frequently Asked Questions, Q8,” to (a) harmonize definitions across FR 3064a and FR 3064b and (b) align the definition to the language in 12 CFR 235.2(h).
- Modifying the General Instructions, Frequently Asked Questions, Q8.A to read: “A debit card transaction is the use of a debit card (including a general-use prepaid card) by a person as a form of payment in the United States to initiate a debit to an account. Such transactions include those conducted with both business and consumer debit cards. Debit card transactions include charitable contributions, payments made to satisfy an obligation (e.g., tax liability), or payments made for other purposes, such as to fund another account (sometimes referred to as account funding transactions. Debit card transactions do not include credit card transactions, transactions initiated at an ATM, or credit-push transactions, sometimes referred to as original credit transactions (OCTs).”
- Removing General Instructions, Glossary of Terms, “Number of merchant establishments” definition because the Payment Card Network Survey no longer collects such information.

Legal authorization and confidentiality: The FR 3064 surveys are authorized by section 920(a) of the Electronic Fund Transfer Act, as amended by section 1075(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.⁶ This provision requires the Board, at least once

⁶ 12 U.S.C. 1693o-2.

every two years,⁷ to disclose aggregate or summary information concerning the costs incurred and interchange transaction fees charged or received by issuers or payment card networks in connection with the authorization, clearance, or settlement of electronic debit transactions as the Board considers appropriate and in the public interest.⁸ It also provides the Board with authority to require issuers and payment card networks to provide information to enable the Board to carry out the provisions of the subsection.⁹ The FR 3064 surveys are mandatory.

The Board is required to release aggregate information from responses to the FR 3064 surveys.¹⁰ The Board additionally releases, at the network level, the percentage of total number of transactions, the percentage of total value of transactions, and the average transaction value for exempt and non-exempt issuers obtained on the FR 3064b because it can be calculated based on information the Board already releases and may be useful to issuers, merchants, and policymakers in choosing payment card networks and assessing the effects of interchange regulations. The information contained in individual responses to the FR 3064 surveys is nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent. The Board therefore keeps such information confidential pursuant to exemption 4 of the Freedom of Information Act (FOIA).¹¹

Board of Governors of the Federal Reserve System, July 7, 2022.

Michele Taylor Fennell,

Deputy Associate Secretary of the Board.

Billing Code 6210-01-P

⁷ The subsection refers to bi-annual disclosures and the Board interprets this to mean once every two years. *See* 76 FR 43458.

⁸ 15 U.S.C. 1693o-2(a)(3)(B).

⁹ *Id.*

¹⁰ *Id.*

¹¹ 5 U.S.C. 552(b)(4).

